

Presented to City of Fort Smith  
Mayor & Board of Directors  
Monday, August 17, 2009

# Feeding our future

Economic and community viability for the region

## Quality of place projects

Community-identified economic development initiatives that contribute to the promotion of tourism & quality of place

- One-time capital expenditures
- Ongoing operating costs

## Capital expenses *one time costs*

Project	Estimate
Convention center parking lot <i>acquisition &amp; construction (Flowers Bakery)</i>	\$1,600,000
Parks projects @ Ben Geren Park <i>aquatics center</i> <i>2 girls' softball fields</i>	\$2,500,000 <i>note</i> 750,000
Other parks projects <i>trails</i> <i>Creekmore pool dome</i> <i>Fort Smith Park – fishing tournament facilities</i> <i>Riverfront soccer fields</i> <i>River park promenade</i>	\$3,300,000 1,000,000 400,000 500,000 1,500,000
<b>SUB-TOTAL</b>	<b>\$11,550,000</b>

*Note: This figure is 50% of estimated project cost. Sebastian County would be responsible for another \$2.5 million*

## Ongoing costs

Organization	Annual operational need
Convention center operations	\$1,100,000
Marshals museum operations	\$ 250,000
Historic district	\$ 150,000
Aquatics center operations	\$ 100,000 <i>city's share</i>
Riverfront sports venue <i>bond payment</i>	\$1,700,000 <i>note</i>
Promoting & encouraging tourism & conventions	\$ 250,000
<b>SUB-TOTAL</b>	<b>\$3,550,000</b>

*Note:* Riverfront sports venue bond payment calculated @ \$20 million & 20 year term for 5% interest  
Bond issuance requires election

## Riverfront park promenade

Project	Estimate
Fort Smith Railroad relocation	\$ TBD
Streetscaping between historic district and riverfront/Garrison Ave.	\$ TBD
Relocation of special needs services	\$ TBD
Development of promenade park on current railroad site	\$ TBD
<b>TOTAL</b>	<b>\$1,500,000</b>

## Levy of restaurant tax

*Arkansas Code 26-75-601 et. Seq.*

Restaurant tax may be levied:

- **Up to 3%** by the board of directors
- Referendum **is not** required by law

*Election is required for bonds that are repaid with restaurant tax revenue*

## Allowed uses include...

*Arkansas Code 26-75-601 et. Seq.*

- Advertising & promotion of the city
- Convention center
- Operation of tourist promotion facilities
- Bond payments *election required*
- Theme parks or other family entertainment facilities
- Public recreation facilities
- Promoting & encouraging tourism and conventions



## Disposition of revenues

*Arkansas Code 26-75-601 et. Seq.*

- Revenues **collected by & deposited with A&P Commission**
- Expenditure controlled by **A&P Commission**

## Disposition of revenues

*Arkansas Code 26-75-601 et. Seq.*

- To assure funds are spent as desired, city may enter into agreement with A&P Commission **in advance of the enactment of the tax** to contract for expenditure of funds

*Board of directors has the power to rescind ordinance levying the restaurant tax if predetermined spending plan is not followed.*

# Revenue Projections

5- year analysis

## Revenue projections *assumes 1% annual growth*

Tax rate	1 year of revenue	3 years of revenue	5 years of revenue
1%	\$1,800,000	\$5,454,000	\$9,182,000
2%	\$3,600,000	\$10,908,000	\$18,364,000
3%	\$5,400,000	\$16,362,000	\$27,546,000

## Financial analysis

Assumes 3% restaurant tax

## Annual expenditures *assumes 3% restaurant tax*

	2010	2011	2012	2013	2014
Ongoing expenditures	\$3,550,000	\$3,550,000	\$3,550,000	\$3,550,000	\$3,550,000
One time capital expenditures	\$1,850,000	\$1,904,000	\$1,958,000	\$2,015,000	\$2,069,000
<b>TOTAL</b>	<b>\$5,400,000</b>	<b>\$5,454,000</b>	<b>\$5,508,000</b>	<b>\$5,565,000</b>	<b>\$5,619,000</b>

## **“Feeding our future”**

Convention center

Tourism

Quality of place

## 3 restaurant tax options

1. Adopt 3¢ by board approval
2. Adopt 3¢ package by referendum
3. Adopt by any combination of the two

### FOR EXAMPLE:

- a) Board approves 1<sup>st</sup> ¢ for convention center
- b) Voters approve 2<sup>nd</sup> and 3<sup>rd</sup> ¢ for projects

*Note: Riverfront stadium project must appear on a ballot*